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**Statement of
The Honorable Kweisi Mfume
Chairman**

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**Subcommittee on Minority Enterprise
Finance and Urban Development**

Hearing on

"Discrimination In the Telecommunications Industry"

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

The Subcommittee will come to order. Members of the Subcommittee, distinguished guests, ladies and gentlemen. I am pleased to welcome you to today's hearing of the Small Business Subcommittee on Minority Enterprise, Finance and Urban Development, on the topic, "Discrimination In the Telecommunications Industry". By making development of a National Information Infrastructure a principal element of its high technology/economic development policy, the Clinton-Gore Administration has focused much attention on the potential for broad application of advanced information technology and telecommunications resources to social needs and economic development.

The term "Information Superhighway" has become virtually synonymous with the evolution in the telecommunication infrastructure that will link homes, businesses, government, hospitals, and education to each other and to a vast array of electronic information resources through Personal Communications Services or PCS.

One writer suggested that the information superhighway could affect American life as profoundly as railroads, interstate highways, telephones, and television. Another wrote that the information superhighway is bigger than the industrial revolution, more important than the urbanization of America and more sweeping than the development of the microprocessor. I choose to call it potentially one of the greatest business opportunities for small and minority entrepreneurs in our lifetime. The one caveat is that access to this opportunity is contingent upon how the Federal Communications Commission (FCC) adapts its regulatory scheme to lower the significant barriers to entry in this lucrative field.

Over the past several years, the House Energy and Commerce, Subcommittee on Telecommunications and Finance, Chaired by the Honorable Edward J. Markey (D-MA), has explored the critical and diverse issues involved in developing a comprehensive telecommunications policy for this country. Resolving those issues, according to Chairman Markey, is of major concern to his Subcommittee because, "the goal of a seamless, open, and flexible information highway depends, in part, on knowing who owns the roads and understanding what the rules are for getting on and off." Let me state that those broader issues are best left to that Committee and are beyond the narrow focus of today's hearing.

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One might ask then, why a Small Business Subcommittee is interested in issues traditionally associated with another Committee's province. The answer is found in statutory language contained in Title VI of the Omnibus Budget Reconciliation Act of 1993, which grants the FCC authority to use competitive bidding procedures to award licenses for use of radio spectrum.

Among the goals of promoting new technologies, and efficiently utilizing the spectrum for the public benefit, Congress directed the FCC to promote economic opportunity and competition by "disseminating licenses among a wide variety of applicants including small businesses, rural telephone companies, and businesses owned by members of minority groups and women", collectively referred to as "designated entities".

In prescribing regulations pursuant to this mandate, Congress charged the Commission with "ensuring" that these designated entities are "given the opportunity to participate in the provision of spectrum-based services". This language not only invokes the oversight jurisdiction of this Subcommittee, but the limited nature of this precious resource called radio frequency spectrum, the current congested state of the spectrum, and the high demand by the private sector, makes the specific methodology chosen by the FCC to ensure designated entity participation critical.

It has been well-documented that Hispanics, African-Americans and Asians have been historically under-represented in broadcast communications. The lack of minority participation in emerging telecommunications technologies, however, has only been recognized in recent years. Findings of the FCC Small Business Advisory Committee (SBAC), published last year, put the current issues that confront the designated entities in perspective.

In sum, the SBAC found that barriers to full participation by small, minority and women-owned businesses in existing telecommunications markets are exacerbated by the lack of capital, concentration of ownership, and the unique problems associated with racial and gender bias.

Today, we have an opportunity to hear from a broad range of parties interested in the accelerated development of a regulatory framework, that will govern an information infrastructure capable of supporting a wide range of interactive personal communication services.

The interests of the members of our several panels range from a respected Member of Congress, who has labored on these issues over the years to ensure that adequate consumer and competitive safeguards are in place, the Chairman of the Commission charged with crafting rules which combines industry and public policy goals, a venture capital firm specializing in information

technology, and a service provider interested in the opportunities which promise to revolutionize the way we live.

With regard to the Commission, let me state for the record that this hearing is not an attempt by this Subcommittee to determine in advance future rule making by the FCC on emerging technologies. We do, however, hope to highlight some of the historical impediments to minority-owned businesses entering the telecommunications industry, and encourage the FCC to adapt its regulatory scheme to recognize and counterbalance the entry barriers in PCS and other emerging technologies.